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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/814,096	03/22/2001	Daniel V. Walker	084478/0104	2039

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3000 K STREET NW  
WASHINGTON, DC 20007

EXAMINER

FRENEL, VANEL

ART UNIT	PAPER NUMBER
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3626

DATE MAILED: 08/09/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Office Action Summary</b>	<b>Application No.</b>	<b>Applicant(s)</b>	
	09/814,096	WALKER ET AL.	
	<b>Examiner</b>	<b>Art Unit</b>	
	Vanel Frenel	3626	

**-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --**

**Period for Reply**

**A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.**

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 03/22/01.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-26 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-26 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
     Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
     Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |   |   |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)   | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)  | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date <u>08012005</u> . | 6) <input type="checkbox"/> Other: _____  |

## DETAILED ACTION

### Notice to Applicant

1. This communication is in response to the application filed on 03/22/01. Claims 1-26 are pending.

### ***Claim Rejections - 35 USC § 101***

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. Claims 1-24 are rejected under 35 U.S.C 101 because the claimed invention is directed to non-statutory subject matter.

(A) The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

In the present case, exemplary claim 1 nominally recites "a computer implemented method of providing insurance for costs resulting from an audit by a taxing

authority” but do not clearly and definitely utilize any technological device in performing the various claimed steps, within the body of claim 1.

As to technological arts recited in the preamble, mere recitation in the preamble (i.e., intended or field of use) or mere implication of employing a machine or article of manufacture to perform some or all of the recited steps does not confer statutory subject matter to an otherwise abstract idea unless there is positive recitation in the claim as a whole to breathe life and meaning into the preamble.

In the present case, claim 1 recites “a computer implemented method of providing insurance for costs resulting from an audit by a taxing authority” in its preamble but does not recite any technological device in the body of the claim in performing the various steps of “processing” within the computer system.

Mere intended or nominal use of a component, albeit within the technological arts, does not confer statutory subject matter to an otherwise abstract idea if the component does not apply, involve, use, or advance the underlying process.

Additionally, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result.

In the present case, claim 1 as a whole is directed to calculating average tax audit costs for one or more groups of taxpayers using the data related to the tax audit costs wherein each group is uniquely identified by at least one of the parameter for a taxpayer.

As such, this invention produces a useful, concrete, and tangible results as determining a premium rate to be charged for each group of taxpayers based on the calculated average tax audit costs.

Claims 2-24 do not recite any application or use of the technological arts, and thus equally rejected under 35U.S.C. 101.

***Claim Rejections - 35 USC § 103***

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. Claims 1-26 are rejected under 35 U.S.C. 103(a) as being unpatentable over McCalden (6,611,809) in view of Whitworth (6,026,364).

(A) As per claim 1, McCalden discloses a computer implemented method of providing insurance for costs resulting from an audit by a taxing authority, comprising the steps of: accessing data relating to tax audit costs assessed by the taxing authority correlated to one or more parameters of taxpayers (See McCalden, Col.1, lines 15-37; Col.3, lines 16-26); calculating average tax audit costs for one or more groups of taxpayers using the data related to the tax audit costs wherein each group is uniquely identified by at least one of the parameter for a taxpayer (See McCalden, Col.6, lines 63-67 to Col.7, line 31), based on the calculated average tax audit costs (See McCalden, Col.2, lines 36-45).

McCalden does not explicitly disclose determining a premium rate to be charged for each group of taxpayers.

However, this feature is known in the art, as evidenced by Whitworth. In particular, Whitworth teaches determining a premium rate to be charged for each group of taxpayers (See Whitworth, Col.1, lines 50-67).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Whitworth within the system of McCalden with the motivation of a system and method for public entities to save substantial amounts of money by taking advantage of the spread between the tax exempt financing rates available to public entities and the taxable rate of return on insurance carriers' investments which will be used for calculating the premiums charged to the public (See Withworth, Col.4, lines 10-16).

(B) As per claim 2, McCalden discloses the computer implemented method wherein data relating to tax audit costs is obtained from information published by the taxing authority (See McCalden, Col.4, lines 26-46; Col.8, lines 30-35).

(C) As per claim 3, McCalden discloses the computer implemented method wherein data relating to tax audit costs is stored in a database (See McCalden, Col.8, lines 58-67).

(D) As per claim 4, McCalden discloses the computer implemented method, wherein the data relating to tax audit costs is accessed from a third party source (The Examiner interprets businesses or individuals to be a form of third party source (See McCalden, Col.8, lines 30-41).

(E) As per claim 5, McCalden discloses the computer implemented method further comprising: calculating average representation costs for defending a tax audit for taxpayers in each group (See McCalden, Col.7, lines 48-67); and adjusting the premium rates based on the calculated average representation costs (See McCalden, Col.6, lines 63-67).

(F) As per claim 6, Whitworth discloses the computer implemented method wherein the step of determining the premium rate includes accessing a claims database storing information regarding prior claims (See Whitworth, Col.10, lines 18-65). The motivation for combining the teaching of Whitworth and McCalden are as given above in the rejection of claim 1, and incorporated herein.

(G) As per claim 7, McCalden discloses the computer implemented method wherein the parameters include one or more of a filing status of taxpayer, total income of taxpayer, type of tax return filed by taxpayer, and types of deductions claimed by taxpayer (See McCalden, Col.7, lines 51-67).

(H) As per claim 8, McCalden discloses the computer implemented method wherein the tax audit costs include additional assessed taxes, interest on the additional assessed taxes, and penalties (See McCalden, Col.8, lines 42-52).

(I) As per claim 9, Whitworth discloses the computer implemented method wherein the premium rates are adjusted based on data in a claims database storing information regarding prior claims (See Whitworth, Col.11, lines 40-67).

The motivation for combining the teaching of Whitworth and McCalden are as given above in the rejection of claim 1, and incorporated herein.

(J) As per claim 10, McCalden discloses the computer implemented method further comprising the step of displaying, in a menu for a financial or tax services program, an option to initiate the steps of claim 1 (See McCalden, Col.9, lines 4-28).

(K) As per claim 11, McCalden discloses the computer implemented invention wherein said parameters include one or more of a taxpayer location, taxpayer income, and type of tax return (See McCalden, Col.7, lines 51-67).

(L) As per claim 12, McCalden discloses the computer implemented invention wherein one or more of said parameters is obtained by accessing data acquired by the financial or tax services program (See McCalden, Col.9, lines 29-37).



(M) As per claim 13, McCalden discloses a computer implemented method of interactively calculating and displaying risk and premium data for costs associated with a tax audit by a taxing authority, the method comprising the steps of: accessing tax audit statistics provided by the taxing authority (See McCalden, Col.8, lines 14-52); correlating tax audit costs to one or more parameters of taxpayers (See McCalden, Col.8, lines 14-52); calculating the average tax audit costs for groups of taxpayers wherein the groups of taxpayers are uniquely identified by values of the parameters (See McCalden, Col.7, lines 66-67 to Col.8, line 13); and receiving parameter values entered interactively by a taxpayer (See McCalden, Col.8, lines 1-29); determining a particular group for the taxpayer from said groups based on the parameter values entered by the taxpayer (See McCalden, Col.3, lines 45-67).

McCalden does not explicitly disclose displaying the average tax audit costs corresponding to that particular group based on the parameter values received from the taxpayer.

However, this feature is known in the art, as evidenced by Whitworth. In particular, Whitworth teaches displaying the average tax audit costs corresponding to that particular group based on the parameter values received from the taxpayer (See Whitworth, Col.1, lines 50-67).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Whitworth within the system of McCalden with the motivation of a system and method for public entities to save substantial amounts of money by taking advantage of the spread between the tax exempt

financing rates available to public entities and the taxable rate of return on insurance carriers' investments which will be used for calculating the premiums charged to the public (See Withworth, Col.4, lines 10-16).

(N) As per claim 14, McCalden discloses a computer readable data storage medium having program code recorded thereon for providing insurance for costs assessed from a tax audit by a taxing authority, the program code comprising: a first program code that accesses data relating to tax audit costs assessed by the taxing authority correlated to one or more parameters of taxpayers (See McCalden, Col.8, lines 14-52); a second program code that calculates average tax audit costs for one or more groups of taxpayers using the data related to the tax audit costs, wherein each group is uniquely identified by parameter values for a taxpayer (See McCalden, Col.7, lines 66-67 to Col.8, line 13)

McCalden does not explicitly disclose a third program code that determines a premium rate to be charged for each group of taxpayers based on the calculated average tax audit costs.

However, this feature is known in the art, as evidenced by Whitworth. In particular, Whitworth teaches a third program code that determines a premium rate to be charged for each group of taxpayers based on the calculated average tax audit costs (See Whitworth, Col.1, lines 50-67).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Whitworth within the system of McCalden with the motivation of a system and method for public entities to save substantial

amounts of money by taking advantage of the spread between the tax exempt financing rates available to public entities and the taxable rate of return on insurance carriers' investments which will be used for calculating the premiums charged to the public (See Whitworth, Col.4, lines 10-16).

(O) As per claim 15, McCalden discloses a system for providing insurance for the costs associated with a tax audit by a taxing authority, the system comprising: means for accessing data relating to tax audit costs assessed by the taxing authority correlated to one or more parameters of taxpayers (See McCalden, Col.8, lines 14-52); means for calculating average tax audit costs for one or more groups of taxpayers using the data related to the tax audit costs, wherein each group is uniquely identified by parameter values for a taxpayer (See McCalden, Col.7, lines 66-67 to Col.8, line 13).

McCalden does not explicitly disclose means for determining a premium rate to be charged for each group of taxpayers based on the calculated average tax audit costs.

However, this feature is known in the art, as evidenced by Whitworth. In particular, Whitworth teaches means for determining a premium rate to be charged for each group of taxpayers based on the calculated average tax audit costs (See Whitworth, Col.1, lines 50-67).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Whitworth within the system of McCalden

with the motivation of a system and method for public entities to save substantial amounts of money by taking advantage of the spread between the tax exempt financing rates available to public entities and the taxable rate of return on insurance carriers' investments which will be used for calculating the premiums charged to the public (See Whitworth, Col.4, lines 10-16).

(P) As per claim 16, McCalden discloses a method of distributing a tax insurance product by association with a tax preparation product, comprising the steps of; providing an option displayed by the tax preparation product to purchase the tax insurance product (See McCalden, Col.3, lines 15-26).

McCalden does not explicitly disclose invoking the tax insurance product application to access taxpayer related information stored by the tax preparation product; and calculating tax insurance parameters based on the accessed taxpayer related information.

However, this feature is known in the art, as evidenced by Whitworth. In particular, Whitworth teaches invoking the tax insurance product application to access taxpayer related information stored by the tax preparation product (The Examiner interprets Actuarial or accounting to be a form of taxpayer related information stored by the tax preparation product See Whitworth, Col.10, lines 55-67); and calculating tax insurance parameters based on the accessed taxpayer related information (The Examiner interprets Actuarial or accounting to be a form of calculating tax insurance

parameters based on the accessed taxpayer related information See Whitworth, Col.10, lines 55-67).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Whitworth within the system of McCalden with the motivation of a system and method for public entities to save substantial amounts of money by taking advantage of the spread between the tax exempt financing rates available to public entities and the taxable rate of return on insurance carriers' investments which will be used for calculating the premiums charged to the public (See Whitworth, Col.4, lines 10-16).

(Q) As per claim 17, McCalden discloses the method further comprising: reviewing information entered interactively by a taxpayer and determining if the information represents a higher risk of triggering a tax audit than a predetermined risk value (See McCalden, Col.3, lines 16-62); and displaying an option interactively to the taxpayer, prior to the calculation of a final tax by the tax preparation product, to purchase tax insurance if it is determined that the information entered by the taxpayer represents a higher risk of triggering an audit (See McCalden, Col.3, lines 16-62).

(R) As per claim 18, McCalden discloses the method wherein a rate for insurance coverage resulting from any errors from use of the tax preparation product, including a user error by the taxpayer, is added to the rate for the tax insurance product to obtain a composite rate (See McCalden, Col.5, lines 7-67).

(S) As per claim 19, McCalden discloses the method wherein the coverage for the tax preparation product is calculated, in part, using proprietary error data based on the use of its product obtained from a provider of the tax preparation product (See McCalden, Col.6, lines 16-55).

(T) As per claim 20, McCalden discloses a computer implemented method of providing a tax insurance product as an association benefit, comprising the steps of; issuing a master group tax insurance policy in a state for benefit of members of an association (See McCalden, Col.1, lines 15-31).

McCalden does not explicitly disclose issuing membership notifications to the members indicating reimbursement limit for costs and assessments related to a tax authority audit provided from the master group tax insurance policy, wherein a premium component per member is calculated and provided to the issuer of the master group tax insurance policy.

However, this feature is known in the art, as evidenced by Whitworth. In particular, Whitworth teaches issuing membership notifications to the members indicating reimbursement limit for costs and assessments related to a tax authority audit provided from the master group tax insurance policy, wherein a premium component per member is calculated and provided to the issuer of the master group tax insurance policy (See Whitworth, Col.19, lines 16-57).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Whitworth within the system of McCalden with the motivation of a system and method for public entities to save substantial amounts of money by taking advantage of the spread between the tax exempt financing rates available to public entities and the taxable rate of return on insurance carriers' investments which will be used for calculating the premiums charged to the public (See Whitworth, Col.4, lines 10-16).

(U) As per claim 21, Whitworth discloses the method further comprising: calculating and offering an additional customized tax insurance premium rate to the member based on the information provided by the member (See Whitworth, Col.19, lines 16-57).

The motivation for combining the teaching of Whitworth and McCalden are as given above in the rejection of claims 1, 13-16 and 20, and incorporated herein.

(V) As per claim 22, Whitworth discloses the method further comprising: collecting, by a third party administration entity, of association membership dues from the members of the association (See Witworth, Col.19, lines 16-57); and aggregating the premium components per member from the collection and paying the aggregated premium components to the issuer of the master group tax insurance policy (Whitworth, Col.19, lines 16-57).

(W) As per claim 23, McCalden discloses the method further comprising the steps of: calculating risk associated with a taxpayer based on accessed taxpayer related information (See McCalden, Col.3, lines 15-26); and offering or declining to offer the tax insurance product to the taxpayer based on whether the calculated risk associated with the taxpayer exceeds a predetermined risk value (See McCalden, Col.3, lines 45-67).

The motivation for combining the teaching of Whitworth and McCalden are as given above in the rejection of claims 1, 13-16 and 20, and incorporated herein.

(X) As per claim 24, McCalden discloses the method wherein the premium component per member is calculated by: determining member values for taxpayer information and filing characteristics to determine member distribution within groups determined based on taxpayer and filing characteristics (See McCalden, Col.5, lines 7-67); calculating a risk value associated with the groups determined based on the taxpayer information and filing characteristics (See McCalden, Col.5, lines 7-67); and determining a composite value for the premium component as a function of the risk associated with the groups weighted by the respective number of members within the groups (See McCalden, Col.5, lines 7-67).

(Y) As per claim 25, McCalden discloses a computer implemented method of providing tax preparation and tax audit protection services by an employer (See McCalden, Col.7, lines 19-42), comprising the steps of: at an employer sponsored



computer: accessing payroll related information for an employee (See McCalden, Col.7, lines 32-67); receiving additional tax related input data for the employee (See McCalden, Col.8, lines 20-67); preparing a provisional tax return for the employee using the payroll related information and the additional tax related input data (See McCalden, Col.8, lines 20-67) ; and receiving either a confirmation or an adjustment from the employee accessing the provisional tax return (See McCalden, Col.8, lines 20-67).

McCalden does not explicitly disclose automatically generating the final tax return for the employee after receiving the confirmation or processing the adjustment from the employee. However, this feature is known in the art, as evidenced by Whitworth. In particular, Whitworth teaches automatically generating the final tax return for the employee after receiving the confirmation or processing the adjustment from the employee (See Whitworth, Col.11, lines 40-67 to Col.12, line 16).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Whitworth within the system of McCalden with the motivation of a system and method for public entities to save substantial amounts of money by taking advantage of the spread between the tax exempt financing rates available to public entities and the taxable rate of return on insurance carriers' investments which will be used for calculating the premiums charged to the public (See Whitworth, Col.4, lines 10-16).

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(Z) As per claim 26, McCalden discloses the computer implemented method further comprising the steps of: calculating and displaying a tax audit risk measure to the employee (The Examiner interprets predictor to be a form of tax audit risk measure to the employee See McCalden, Col.5, lines 24-67); and providing tax audit insurance options for selection by the employee (The Examiner interprets predictor to be a form of tax audit risk measure to the employee See McCalden, Col.5, lines 24-67).

### ***Conclusion***

6. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. The cited but not the applied art teaches digital computer system and methods for computing a financial projection and an illustration of a prefunding program for an employee benefit (5,590,037) and method and apparatus for funding a future liability of uncertain cost (4,752,877).


Any inquiry concerning this communication or earlier communications from the examiner should be directed to Vanel Frenel whose telephone number is 571-272-6769. The examiner can normally be reached on 6:30am-5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Joseph Thomas can be reached on 571-272-6776. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

V.F  
V.F

June 10, 2005

  
JOSEPH THOMAS  
SUPERVISORY PATENT EXAMINER  
TECHNOLOGY CENTER